

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0859-02
Bill No.: Truly Agreed To and Finally Passed SS for HB 205
Subject: Economic Development Department; Tourism; State Treasurer
Type: Original
Date: May 16, 2007

Bill Summary: This proposal extends the sunset date from June 30, 2010 to June 30, 2015 for the Tourism Supplemental Revenue Fund, allows a transient guest tax in Franklin County, allows the creation of theater, cultural arts and entertainment districts, allows a sales tax in Perry County and changes provisions of the transient guest tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Senior Services and Youth Programs Sales Tax Trust	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Sections 67.997 - Sales tax in Perry County;

Officials of the **Department of Revenue** assume no fiscal impact to the department.

In response to a similar proposal from this year (HB 234), officials of the **Department of Social Services** assume no fiscal impact.

Perry County officials did not respond to our request for fiscal impact.

Sections 67.1360 - Transient guest tax in Franklin County;

Officials from the **Department of Economic Development** assume the proposal would not fiscally impact their agency.

Oversight assumes this proposal amends the current boundaries of the area that would be allowed to impose a transient guest tax on a portion of the Sullivan C-2 School District located in Franklin County.

Oversight assumes the City of Sullivan currently has the authority to impose a transient guest tax, but not within that portion described in this proposal.

Oversight assumes this proposal would require the City of Sullivan to seek voter approval to impose a transient guest tax on that portion of land allowed by this proposal.

Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.

Sections 67.2500, 67.2505, 67.2510, 89.010, 89.400 and <67.2505> - Creation of theater, cultural arts and entertainment districts;

Officials from the **Office of the State Courts Administrator** assume the proposal would not have a fiscal impact on the courts.

ASSUMPTION (continued)

Officials from the **Department of Economic Development** and the **Department of Revenue** each assume the proposal would not fiscally impact their respective agencies.

Officials from the counties of **Buchanan, Clay, Jackson, Boone** and **Jasper** did not respond to our request for fiscal impact.

Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval. Oversight will also assume DOR may retain 1 percent of the potential sales tax revenue generated within the new theater, cultural arts and entertainment districts.

Sections 94.870 & 94.875 - Transient Guest taxes;

Section 94.870 provides that any municipality located in Pemiscot County would be allowed to levy a transient guest tax, upon voter approval. The tax would be for promoting tourism.

Section 94.875 changes the population requirement on cities from one thousand to seven thousand five hundred, that would require that monies in their Tourism Tax Trust Fund be spent as follows:

- Allows 40% may be transferred to such city's General Revenue Fund;
- 35% may be used for city capital improvements, pursuant to voter approval;
- Oversight assumes the remaining 25% would be used for tourism purposes.

Oversight assumes any action would require approval of the governing body with voter approval. Oversight assumes no fiscal impact from this part of the proposal.

Section 620.467 - Extension of sunset provision for Division of Tourism Supplemental Revenue Fund;

Officials from the **Department of Economic Development - Division of Tourism (DED)** state the proposed legislation extends the sunset from June 30, 2010 to June 30, 2015. The fiscal impact would begin in Fiscal Year 2011 and would provide funding for the Missouri Division of Tourism for an additional five years. During these additional five years, the Division, through its promotional efforts would have a positive impact on Missouri's tourism economy.

ASSUMPTION (continued)

Oversight assumes the fiscal impact of this proposal would begin in Fiscal Year 2011, which is beyond the scope of this fiscal note. The annual appropriations from the General Revenue fund into the Tourism Supplemental Revenue Fund for fiscal years 2006 and 2007 have been \$13,231,882 and \$17,767,811 respectively.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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GENERAL REVENUE

Income - Department of Revenue

1 percent collection fee on sales tax revenue of new theater, cultural arts and entertainment districts - or sales tax in Perry County.	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND

<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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SENIOR SERVICES and YOUTH PROGRAMS SALES TAX TRUST FUND

<u>Income</u> - Voter approved sales tax in Perry County.	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Transfer Out</u> - to Perry County for distribution.	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT TO SENIOR SERVICES and YOUTH PROGRAMS SALES TAX TRUST FUND.

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - Cities and Counties for sales tax in Theater, Cultural Arts, and Entertainment District	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Income</u> - Cities for transient guest tax	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Income</u> - Sales tax in Perry County for senior services and youth programs provided by the county (67.997)	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses within the new districts or small business that offer sleeping rooms in certain special charter cities may be required to collect an additional tax, dependent upon governing body and voter approval.

FISCAL DESCRIPTION

This bill authorizes certain cities and counties to impose sales or transient guest taxes; extends the expiration date of the Tourism Supplemental Revenue Fund; and allows certain counties to establish theater, cultural arts, and entertainment districts.

SALES TAX IN PERRY COUNTY FOR COMMUNITY PROGRAMS

Perry County is authorized to impose, upon voter approval, a sales tax of up to .25% to equally fund senior services and youth programs. A seven-member senior services tax commission must be established to administer the revenue received for senior services. Commissioners will be

FISCAL DESCRIPTION (continued)

appointed by the county commission, which will determine the qualifications, terms of office, and duties of the senior services tax commission.

TRANSIENT GUEST TAXES

The bill:

(1) Allows the City of Sullivan and the portion of the Sullivan C-II School District located in Franklin County to impose, upon voter approval, a transient guest tax from 2% to 5% per occupied room per night for the promotion of tourism; and

(2) Allows municipalities within Pemiscot County to impose, upon voter approval, a transient guest tax of up to 4% for a hotel or motel room. Revenue received from this tax will be deposited into the municipality's tourism tax trust fund. Currently, money in this fund must be used solely for the construction, maintenance, or operation of convention and tourism facilities, with at least 25% of the revenue being used for the marketing and promotion of tourism. In cities with a population of less than 1,500, 40% of the revenue can be transferred to the city's general revenue fund and 35% can be used for capital improvements, upon voter approval. The bill removes the 25% requirement and allows cities with fewer than 7,500 residents to transfer 40% of the revenue from this tax to the city's general revenue fund and use up to 35% of the revenue for capital improvements, upon voter approval.

THEATER, CULTURAL ARTS, AND ENTERTAINMENT DISTRICTS

Currently, only St. Charles County and its municipalities are allowed to establish a theater, cultural arts, and entertainment district. The bill allows the governing body of any county or city that has adopted transect-based zoning under Chapter 89, RSMo, and the counties of Boone, Clay, Franklin, Jackson, or Jasper and their municipalities to form a district.

The bill:

(1) Allows the district to fund infrastructure projects;

(2) Reduces the number of contiguous acres the district must include from 50 to 25;

(3) Requires, instead of allows, the governing body of the city or county in which a district is proposed and approved to pass a resolution containing specified information regarding the establishment of the district;

FISCAL DESCRIPTION (continued)

- (4) Defines the term "transect-based zoning"; and
- (5) Repeals the duplicate of Section 67.2505.

TOURISM SUPPLEMENTAL REVENUE FUND

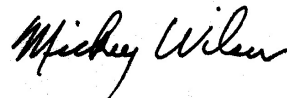
Currently, the Division of Tourism Supplemental Revenue Fund will expire on June 30, 2010. The bill extends the expiration date to June 30, 2015. Revenue received from this tax must be used solely for the promotion of tourism.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
Office of the State Courts Administrator
Department of Social Services

NOT RESPONDING: counties of Buchanan, Clay, Jackson, Boone, Jasper and Perry



Mickey Wilson, CPA
Director
May 16, 2007